GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1979
ANSWERED ON:26.07.2002
SLUMP IN SALE OF LIC
CHANDRA NATH SINGH;SADASHIVRAO DADOBA MANDLIK

Will the Minister of FINANCE be pleased to state:

(a) whether Life Insurance Corporation (LIC) of India has posted a massive slump in sales with the first premium income during April-June, 2002;

(b) if so, the details thereof and the reasons for the same; and

(c) the steps taken/proposed to be taken by the Government to increase the sale and income premium?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE & COMPANY AFFAIRS (SHRIANANT G. GEETE)

(a) & (b): The Life Insurance Corporation of India(LIC) has informed that the First Premium Income collected/received by them during 1 st April, 2002 to 30th June, 2002 is Rs.905.88 crore. During the corr~sponding period in 2000 and 2001, the Corporation received a First Premium Income dfRs. 657.51 crore and Rs. 2,961.03 crore respectively. LIC has mentioned that the previous financial year (2001-2002) was an exceptionally good year from the point of view of growth of business registering an increase of 137.03% compared with the increase in business of64.98% during the year 2000-2001 which itself was a record growth. Some of the schemes of the Corporation with guaranteed returnS were very popular which resulted in exceptional growth of business last year. Consequent to the decline in interest rates in the economy, some of these Plans have been modified or withdrawn. This has resulted in a temporary set back to the business.

(c) : The Corporation has been taking various steps to increase the sale of new policies and thereby increase the premium income. These include strengthening of the marketing force by recruitment of new Agents, regular training sessions and renewed publicity activities through various media. Corporation has also taken steps to recruit Corporate Agencies for exploiting bulk business potential available in various segments.